

**GROUP STRATEGIC REPORT,
REPORT OF THE DIRECTOR AND
AUDITED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
FOR
2 MOTO LIMITED**

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for the Year Ended 31 December 2020

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2 MOTO LIMITED
COMPANY INFORMATION
for the Year Ended 31 December 2020

DIRECTOR:	K J Mason
REGISTERED OFFICE:	White Bear Yard Park Road Adlington Chorley Lancashire PR7 4HZ
REGISTERED NUMBER:	08231834 (England and Wales)
AUDITORS:	Fairhurst Statutory Auditor Chartered Accountants Douglas Bank House Wigan Lane Wigan Lancashire WN1 2TB
BANKERS:	Yorkshire Bank plc 3 Orchard Street Preston PR1 2EN

**GROUP STRATEGIC REPORT
for the Year Ended 31 December 2020**

The director presents his strategic report of the company and the group for the year ended 31 December 2020.

REVIEW OF BUSINESS

The 2 Moto Group has seen record sales and margins achieved in 2020, despite the effects of Covid-19 and government imposed restrictions on the business, our customers and our staff.

The challenges faced during 2020 (and into 2021) have tested our procedures, systems and employees, and it is a testament to the hard work and dedication of all our team and business partners that the group has remained successful, during these uncertain times.

The impact of Brexit has caused some issues regarding suppliers, including longer delivery times and increased transportation costs. However due to the solid financial base management have been able to continue to offer our customers quality products and services, at competitive prices, whilst maintaining margins.

We remain optimistic about the future, with new developments in technology and growing numbers of customers and we remain committed to continually developing and improving our processes for our customers, suppliers and employees. The impact of Brexit and ongoing uncertainty surrounding Covid-19 will continue in 2021/22 but we have a strong financial position to be able to cope with these challenges.

Management results continue to be profitable and we remain committed to providing a comprehensive, contemporary range of products and services, whilst continuing to monitor pricing and cost structures.

Key Performance Indicators

KPI's include sales, margins, wages and overheads and cash flow which are monitored by senior management by retail outlet and also at the warehouse and head office.

	2020	2019
	£'000	£'000
Turnover	72,108	67,734
Gross profit	13,500	12,959
Gross margin (%)	18.7%	19.1%
EBITDA	6,545	5,166

The group generated £9.2 million cash from it's operating activities in 2020, which has been used to finance further growth in 2021.

Senior management also monitor performance by reference to certain non financial KPI's, including customer, supplier and employee satisfaction, supply lead times and technology advancement, both internally and externally.

**GROUP STRATEGIC REPORT
for the Year Ended 31 December 2020**

PRINCIPAL RISKS AND UNCERTAINTIES

The principal financial risks and uncertainties associated with the group and company's ability to monitor and manage:

Cashflow

The group has certain transactions in foreign currencies but is not exposed to any material risks relating to exchange fluctuations. The group has a shared bank facility with fellow subsidiary companies. The group's exposure to interest rate movements is not considered material and hence it is not believed to be necessary to hedge against rates.

Credit Risk

The group's principal financial asset is in stock. The credit risk is limited by an exposure to a number of customers on whom either credit reports are obtained or whose annual accounts are regularly reviewed. Supplier terms are reviewed regularly, so as to take advantage of price and exchange rates, where appropriate.

Liquidity Risk

The cash facilities available to the group and company have been compared to their likely credit requirements over the next 12 months, from the date of signing these financial statements and are deemed to be adequate.

Price Risk

The group is exposed to a price risk arising on its bike purchases; we constantly monitor the markets, both at home and abroad, to ensure our buying and selling price structures are well managed and competitive.

Other risks including supply and stock holding constraints, commercial and contractual, are managed internally by holding regular senior managers meetings and also meetings with key suppliers.

HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

The group and company is committed to outstanding performance in health, safety and environmental matters through a policy of training, communication and co-operation applied consistently throughout all operations.

SECTION 172(1) STATEMENT

The director considers that he has acted in the way he considers, in good faith, would be most likely to promote the success of the group and company for the benefit of its members as a whole (having regard to the stakeholders and the matters set out in s172(1)(a-f) of the Companies Act 2006) in the decisions taken in the year ended 31 December 2020.

Customer and supplier engagement and satisfaction is at the heart of everything we do and any decision made by the director is made with full consideration of the impact on the group's customers and suppliers.

The group has a small number of key supplier partners with which directors and senior management maintain close relationships on an ongoing basis through regular dialogue, formal meetings and conferences.

The director seeks to promote a culture of environmental sustainability within the business which primarily focuses on an energy efficient approach to the design and management of our retail outlets and head office/warehouse. This includes fitting out our retail outlets and head office/warehouse with mechanical and electrical systems that comply with government energy saving schemes, water-saving bathroom facilities, installing LED energy saving lighting and using energy-efficient equipment.

ON BEHALF OF THE BOARD:

K J Mason - Director

26 November 2021

**REPORT OF THE DIRECTOR
for the Year Ended 31 December 2020**

The director presents his report with the financial statements of the company and the group for the year ended 31 December 2020.

PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of wholesale and retail distribution of motorcycles and accessories. The principal activity of the company in the period under review was that of a holding company.

DIVIDENDS

The total distribution of dividends for the year ended 31 December 2020 will be £ 4,000 .

DIRECTOR

K J Mason held office during the whole of the period from 1 January 2020 to the date of this report.

BUSINESS RELATIONSHIPS

Business relationships are discussed within the Strategic Report on page 3, in accordance with the provisions of s172(1)(c) of the Companies Act 2006.

STREAMLINED ENERGY AND CARBON REPORTING

As a large company and group, under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, we are required to prepare a Streamlined Energy Carbon Reporting Report. This report contains details of the Group's annual energy usage (in kWh) and the relevant greenhouse gas emissions (in tonnes of carbon dioxide equivalent (CO₂e)).

	2020 Energy Usage in kWh	2020 Greenhouse Gas Emissions in CO₂e
Gas	996,703	211,630
Electricity	617,677	131,151
Transport	<u>1,878,743</u>	<u>476,036</u>
Total	<u>3,493,123</u>	<u>818,817</u>

The conversion factors used in the above table are taken from the UK Government GHG Conversion Factors for Company Reporting. In the year the group used 3,493,123 kWh of energy for its warehouse, retail outlets and transport. This equates to 818,817 kg of CO₂e emissions across the following subsidiaries: Moto GB Limited, Chorley Yamaha Centre Limited, Motorcycle Centre Orrell Limited and KJM Superbikes Limited.

The total turnover for the group for the year is £72,108,199, which when compared to the CO₂e emissions of the year, gives us an intensity ratio of 11.36 Kg of CO₂e emissions per £1,000 of turnover.

**REPORT OF THE DIRECTOR
for the Year Ended 31 December 2020**

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Group Strategic Report, the Report of the Director and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

ON BEHALF OF THE BOARD:

K J Mason - Director

26 November 2021

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF 2 MOTO LIMITED

Opinion

We have audited the financial statements of 2 Moto Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the Consolidated Profit and loss account, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 31 December 2020 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the director with respect to going concern are described in the relevant sections of this report.

Other information

The director is responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Director, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group Strategic Report and the Report of the Director for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Director have been prepared in accordance with applicable legal requirements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
2 MOTO LIMITED**

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Director.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of director

As explained more fully in the Statement of Director's Responsibilities set out on page five, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the director is responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the group or the parent company or to cease operations, or has no realistic alternative but to do so.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF 2 MOTO LIMITED

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- we identified the laws and regulations applicable to the company through discussions with directors and other management, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the UK Companies Act, tax legislation, employment legislation and Health and Safety regulations.

- we enquired of the directors and reviewed correspondence with HMRC for evidence of non-compliance with laws and regulations. We also reviewed controls the directors have in place to ensure compliance.

We assessed the susceptibility of the company's and group's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and

- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

- performed analytical procedures to identify any unusual or unexpected relationships;

- tested journal entries to identify unusual transactions;

- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias.

- we reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above;

- we enquired of the directors about actual and potential litigation and claims.

Due to inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
2 MOTO LIMITED**

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

John B S Fairhurst BA(Hons) FCA (Senior Statutory Auditor)
for and on behalf of Fairhurst
Statutory Auditor
Chartered Accountants
Douglas Bank House
Wigan Lane
Wigan
Lancashire
WN1 2TB

26 November 2021

2 MOTO LIMITED (REGISTERED NUMBER: 08231834)

**CONSOLIDATED
PROFIT AND LOSS ACCOUNT
for the Year Ended 31 December 2020**

	Notes	2020 £	2019 £
TURNOVER		72,108,199	67,734,121
Cost of sales		<u>58,608,512</u>	<u>54,775,528</u>
GROSS PROFIT		13,499,687	12,958,593
Administrative expenses		<u>8,057,589</u>	<u>8,023,720</u>
		5,442,098	4,934,873
Other operating income		<u>869,810</u>	<u>-</u>
OPERATING PROFIT		6,311,908	4,934,873
Interest payable and similar expenses	4	<u>120,155</u>	<u>140,698</u>
PROFIT BEFORE TAXATION	5	6,191,753	4,794,175
Tax on profit	6	<u>1,216,323</u>	<u>943,659</u>
PROFIT FOR THE FINANCIAL YEAR		<u>4,975,430</u>	<u>3,850,516</u>
Profit attributable to:			
Owners of the parent		<u>4,975,430</u>	<u>3,850,516</u>

The notes form part of these financial statements

2 MOTO LIMITED (REGISTERED NUMBER: 08231834)

**CONSOLIDATED
OTHER COMPREHENSIVE INCOME
for the Year Ended 31 December 2020**

	Notes	2020 £	2019 £
PROFIT FOR THE YEAR		4,975,430	3,850,516
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>4,975,430</u>	<u>3,850,516</u>
Total comprehensive income attributable to: Owners of the parent		<u>4,975,430</u>	<u>3,850,516</u>

The notes form part of these financial statements

CONSOLIDATED BALANCE SHEET
31 December 2020

	Notes	2020 £	£	2019 £	£
FIXED ASSETS					
Intangible assets	9		806,695		968,034
Tangible assets	10		1,224,632		1,205,197
Investments	11		-		-
Investment property	12		<u>400,000</u>		<u>400,000</u>
			2,431,327		2,573,231
CURRENT ASSETS					
Stocks	13	20,207,584		23,608,235	
Debtors	14	5,488,540		6,799,712	
Cash at bank and in hand		<u>2,179,211</u>		<u>114,076</u>	
		27,875,335		30,522,023	
CREDITORS					
Amounts falling due within one year	15	<u>8,708,735</u>		<u>16,479,404</u>	
NET CURRENT ASSETS			<u>19,166,600</u>		<u>14,042,619</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			21,597,927		16,615,850
PROVISIONS FOR LIABILITIES	18		<u>62,047</u>		<u>51,400</u>
NET ASSETS			<u>21,535,880</u>		<u>16,564,450</u>
CAPITAL AND RESERVES					
Called up share capital	19		1,000		1,000
Share premium	20		2,359,002		2,359,002
Non distributable reserves	20		309,266		309,266
Retained earnings	20		<u>18,866,612</u>		<u>13,895,182</u>
SHAREHOLDERS' FUNDS			<u>21,535,880</u>		<u>16,564,450</u>

The financial statements were approved by the director and authorised for issue on 26 November 2021 and were signed by:

K J Mason - Director

COMPANY BALANCE SHEET
31 December 2020

	Notes	2020 £	£	2019 £	£
FIXED ASSETS					
Intangible assets	9		-		-
Tangible assets	10		-		-
Investments	11		5,360,000		5,360,000
Investment property	12		<u>-</u>		<u>-</u>
			<u>5,360,000</u>		<u>5,360,000</u>
CURRENT ASSETS					
Debtors	14	559,609		572,487	
Cash in hand		<u>2</u>		<u>2</u>	
		559,611		572,489	
CREDITORS					
Amounts falling due within one year	15	<u>3,559,609</u>		<u>3,572,487</u>	
NET CURRENT LIABILITIES			<u>(2,999,998)</u>		<u>(2,999,998)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u><u>2,360,002</u></u>		<u><u>2,360,002</u></u>
CAPITAL AND RESERVES					
Called up share capital	19		1,000		1,000
Share premium	20		<u>2,359,002</u>		<u>2,359,002</u>
SHAREHOLDERS' FUNDS			<u><u>2,360,002</u></u>		<u><u>2,360,002</u></u>
Company's profit for the financial year			<u>4,000</u>		<u>4,000</u>

The financial statements were approved by the director and authorised for issue on 26 November 2021 and were signed by:

K J Mason - Director

2 MOTO LIMITED (REGISTERED NUMBER: 08231834)**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the Year Ended 31 December 2020**

	Called up share capital £	Retained earnings £	Share premium £	Non distributable reserves £	Total equity £
Balance at 1 January 2019	1,000	10,048,666	2,359,002	309,266	12,717,934
Changes in equity					
Dividends	-	(4,000)	-	-	(4,000)
Total comprehensive income	-	3,850,516	-	-	3,850,516
Balance at 31 December 2019	<u>1,000</u>	<u>13,895,182</u>	<u>2,359,002</u>	<u>309,266</u>	<u>16,564,450</u>
Changes in equity					
Dividends	-	(4,000)	-	-	(4,000)
Total comprehensive income	-	4,975,430	-	-	4,975,430
Balance at 31 December 2020	<u>1,000</u>	<u>18,866,612</u>	<u>2,359,002</u>	<u>309,266</u>	<u>21,535,880</u>

The notes form part of these financial statements

2 MOTO LIMITED (REGISTERED NUMBER: 08231834)

COMPANY STATEMENT OF CHANGES IN EQUITY
for the Year Ended 31 December 2020

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1 January 2019	1,000	-	2,359,002	2,360,002
Changes in equity				
Dividends	-	(4,000)	-	(4,000)
Total comprehensive income	-	4,000	-	4,000
Balance at 31 December 2019	<u>1,000</u>	<u>-</u>	<u>2,359,002</u>	<u>2,360,002</u>
Changes in equity				
Dividends	-	(4,000)	-	(4,000)
Total comprehensive income	-	4,000	-	4,000
Balance at 31 December 2020	<u>1,000</u>	<u>-</u>	<u>2,359,002</u>	<u>2,360,002</u>

The notes form part of these financial statements

CONSOLIDATED CASH FLOW STATEMENT
for the Year Ended 31 December 2020

	Notes	2020 £	2019 £
Cash flows from operating activities			
Cash generated from operations	1	10,267,457	(722,780)
Interest paid		(120,155)	(140,698)
Tax paid		(940,530)	(565,671)
Net cash from operating activities		<u>9,206,772</u>	<u>(1,429,149)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(91,141)	(25,520)
Sale of tangible fixed assets		4,980	(17,987)
Net cash from investing activities		<u>(86,161)</u>	<u>(43,507)</u>
Cash flows from financing activities			
New loans in year		397,526	-
Loan repayments in year		-	(657,232)
Amount introduced by directors		481,846	217,500
Amount withdrawn by directors		(423,621)	(376,608)
Equity dividends paid		(4,000)	(4,000)
Net cash from financing activities		<u>451,751</u>	<u>(820,340)</u>
Increase/(decrease) in cash and cash equivalents		<u>9,572,362</u>	<u>(2,292,996)</u>
Cash and cash equivalents at beginning of year	2	(7,393,151)	(5,100,155)
Cash and cash equivalents at end of year	2	<u><u>2,179,211</u></u>	<u><u>(7,393,151)</u></u>

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
for the Year Ended 31 December 2020

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2020	2019
	£	£
Profit before taxation	6,191,753	4,794,175
Depreciation charges	233,046	231,399
(Profit)/loss on disposal of fixed assets	(4,981)	23,218
Finance costs	120,155	140,698
	<u>6,539,973</u>	<u>5,189,490</u>
Decrease/(increase) in stocks	3,400,651	(5,751,416)
Decrease/(increase) in trade and other debtors	1,298,294	(2,472,768)
(Decrease)/increase in trade and other creditors	(971,461)	2,311,914
Cash generated from operations	<u><u>10,267,457</u></u>	<u><u>(722,780)</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2020

	31/12/20	1/1/20
	£	£
Cash and cash equivalents	2,179,211	114,076
Bank overdrafts	-	(7,507,227)
	<u><u>2,179,211</u></u>	<u><u>(7,393,151)</u></u>

Year ended 31 December 2019

	31/12/19	1/1/19
	£	£
Cash and cash equivalents	114,076	867,262
Bank overdrafts	(7,507,227)	(5,967,417)
	<u><u>(7,393,151)</u></u>	<u><u>(5,100,155)</u></u>

3. ANALYSIS OF CHANGES IN NET (DEBT)/FUNDS

	At 1/1/20	Cash flow	At 31/12/20
	£	£	£
Net cash			
Cash at bank and in hand	114,076	2,065,135	2,179,211
Bank overdrafts	(7,507,227)	7,507,227	-
	<u><u>(7,393,151)</u></u>	<u><u>9,572,362</u></u>	<u><u>2,179,211</u></u>
Debt			
Debts falling due within 1 year	(178,487)	(397,526)	(576,013)
	<u><u>(178,487)</u></u>	<u><u>(397,526)</u></u>	<u><u>(576,013)</u></u>
Total	<u><u>(7,571,638)</u></u>	<u><u>9,174,836</u></u>	<u><u>1,603,198</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the Year Ended 31 December 2020

1. **STATUTORY INFORMATION**

2 Moto Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Basis of consolidation

The consolidated financial statements include the results of 2 Moto Limited and its subsidiary undertakings drawn up to 31 December 2020.

The consolidated financial statements include the results of the activities described in the Report of the Director. The company does not trade in its own right, but acts as a holding company for its trading subsidiaries KJM Trade Limited, Motorcycle Centre Orrell Limited, Moto GB Limited, Chorley Yamaha Centre Limited (and its 100% subsidiary company, Walkdens of Chorley Limited), and KJM Superbikes Limited.

In the company's financial statements, investments in subsidiary undertakings are included at cost less any impairment.

Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

(a) Stock provision

Stock provisions have been estimated by senior management where the anticipated net realisable value of stock items is lower than cost. Net realisable value has been determined by considering the stock items current and expected sales value, overall stock quantity and sales volume.

(b) Useful economic lives

The useful economic lives of fixed assets are assessed on an annual basis based on the latest available information. Management believe that the useful economic lives being used currently are still appropriate.

Turnover

Turnover represents the fair value of income received from the sale of new and used motor bikes and accessories, excluding discounts and value added tax.

Finance commission is received monthly based on the volume of bikes sold.

The group recognises revenue when the goods have been delivered and the title of goods has passed.

Intangible fixed assets

Intangible fixed assets are stated at cost less accumulated amortisation and any accumulated impairment losses.

Goodwill arising on an acquisition of a subsidiary undertaking is the difference between the fair value of the consideration paid and the fair value of the net assets and liabilities acquired. It is capitalised and amortised through the profit and loss account over the directors estimate of its useful economic life, which is ten years, less impairment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2020

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Freehold property	- 2% on cost
Improvements to property	- 20% on reducing balance and 10% on cost
Vehicles on rental	- over the period of the lease
Plant and machinery	- 20% - 25% on cost and 20% - 25% reducing balance
Fixtures and fittings	- 20% - 25% on reducing balance and 20% on cost
Motor vehicles	- 20% - 25% on reducing balance and 20% on cost
Computer equipment	- 10% - 25% on cost and 20% reducing balance

Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the recoverable amount is lower, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognised immediately in the profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not to exceed the amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss is recognised immediately in the profit or loss.

Investment property

Investment property is initially recorded at cost then subsequently at fair value. Any aggregate surplus or deficit arising from changes in fair value is recognised in profit or loss.

Stocks

Stocks are stated at the lower of cost and selling price after any provision for obsolete and slow moving items.

Financial instruments

Short term financial assets, including trade debtors are measured at transaction price less impairment. Short term financial liabilities, including trade creditors are measured at the transaction price. Other loans and bank overdrafts are measured at the undiscounted amount due.

Financial assets and liabilities payable after one year are initially measured at fair value and are measured subsequently at amortised cost using the effective interest rate method.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2020

2. ACCOUNTING POLICIES - continued**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Leases

Rentals payable under operating leases are charged to the profit or loss on a straight-line basis over the lease term. The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

Government income

Government income comprises grants and subsidies provided as a direct result of the Covid-19 pandemic.

3. EMPLOYEES AND DIRECTORS

	2020	2019
	£	£
Wages and salaries	4,925,650	4,700,240
Social security costs	457,775	439,825
Other pension costs	197,331	282,696
	<u>5,580,756</u>	<u>5,422,761</u>

The average number of employees during the year was as follows:

	2020	2019
Sales and administration	<u>182</u>	<u>175</u>
	2020	2019
	£	£
Director's remuneration	-	-
Director's pension contributions to money purchase schemes	<u>80,000</u>	<u>175,000</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2020

4. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020	2019
	£	£
Bank interest	120,155	128,890
Interest on tax paid	<u>-</u>	<u>11,808</u>
	<u>120,155</u>	<u>140,698</u>

5. PROFIT BEFORE TAXATION

The profit is stated after charging/(crediting):

	2020	2019
	£	£
Rentals under operating leases - buildings	584,667	584,337
Depreciation - owned assets	71,707	70,058
(Profit)/loss on disposal of fixed assets	(4,981)	23,218
Goodwill amortisation	161,339	161,339
Auditors' remuneration - audit services	42,500	38,750
- accountancy and taxation services	<u>15,000</u>	<u>12,941</u>

6. TAXATION**Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	2020	2019
	£	£
Current tax:		
UK corporation tax	1,209,152	952,313
(Over)/underprovision in prior year	<u>(3,476)</u>	<u>(656)</u>
Total current tax	<u>1,205,676</u>	<u>951,657</u>
Deferred tax:		
Deferred tax - current year	(119)	(9,103)
Deferred tax - prior year	<u>10,766</u>	<u>1,105</u>
Total deferred tax	<u>10,647</u>	<u>(7,998)</u>
Tax on profit	<u>1,216,323</u>	<u>943,659</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2020

6. TAXATION - continued**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2020	2019
	£	£
Profit before tax	<u>6,191,753</u>	<u>4,794,175</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	1,176,433	910,893
Effects of:		
Expenses not deductible for tax purposes	30,720	30,844
Adjustments to tax charge in respect of previous periods	(3,476)	(656)
Fixed asset differences	1,881	402
Adjust closing deferred tax to average rate	-	(6,047)
Adjust opening deferred tax to average rate	-	7,118
Adjustments in respect of prior periods - deferred tax	4,223	1,105
Other movements	(1)	760
Unreconciled amount	-	(760)
Remeasurement of deferred tax for changes in tax rates	<u>6,543</u>	<u>-</u>
Total tax charge	<u>1,216,323</u>	<u>943,659</u>

7. INDIVIDUAL PROFIT AND LOSS ACCOUNT

As permitted by Section 408 of the Companies Act 2006, the Profit and loss account of the parent company is not presented as part of these financial statements.

8. DIVIDENDS

	2020	2019
	£	£
Final	<u>4,000</u>	<u>4,000</u>

9. INTANGIBLE FIXED ASSETS**Group****COST**

At 1 January 2020
and 31 December 2020

AMORTISATION

At 1 January 2020
Amortisation for year
At 31 December 2020

NET BOOK VALUE

At 31 December 2020
At 31 December 2019

Goodwill
£

1,926,436

958,402

161,339

1,119,741

806,695

968,034

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2020

10. **TANGIBLE FIXED ASSETS****Group**

	Freehold property £	Vehicles on rental £	Improvements to property £	Plant and machinery £
COST				
At 1 January 2020	966,377	94,208	83,136	132,333
Additions	-	-	-	-
Disposals	-	(27,249)	27,250	-
At 31 December 2020	<u>966,377</u>	<u>66,959</u>	<u>110,386</u>	<u>132,333</u>
DEPRECIATION				
At 1 January 2020	8,977	88,978	77,382	65,819
Charge for year	3,202	-	2,197	13,305
Eliminated on disposal	-	(22,019)	22,019	-
At 31 December 2020	<u>12,179</u>	<u>66,959</u>	<u>101,598</u>	<u>79,124</u>
NET BOOK VALUE				
At 31 December 2020	<u>954,198</u>	<u>-</u>	<u>8,788</u>	<u>53,209</u>
At 31 December 2019	<u>957,400</u>	<u>5,230</u>	<u>5,754</u>	<u>66,514</u>
	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST				
At 1 January 2020	32,689	339,521	75,110	1,723,374
Additions	-	91,141	-	91,141
Disposals	-	(114,508)	-	(114,507)
At 31 December 2020	<u>32,689</u>	<u>316,154</u>	<u>75,110</u>	<u>1,700,008</u>
DEPRECIATION				
At 1 January 2020	13,537	193,751	69,733	518,177
Charge for year	3,832	48,094	1,077	71,707
Eliminated on disposal	-	(114,508)	-	(114,508)
At 31 December 2020	<u>17,369</u>	<u>127,337</u>	<u>70,810</u>	<u>475,376</u>
NET BOOK VALUE				
At 31 December 2020	<u>15,320</u>	<u>188,817</u>	<u>4,300</u>	<u>1,224,632</u>
At 31 December 2019	<u>19,152</u>	<u>145,770</u>	<u>5,377</u>	<u>1,205,197</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2020

11. FIXED ASSET INVESTMENTS

Company

	Shares in group undertakings £
COST	
At 1 January 2020 and 31 December 2020	<u>5,360,000</u>
NET BOOK VALUE	
At 31 December 2020	<u>5,360,000</u>
At 31 December 2019	<u>5,360,000</u>

The company's investments at the balance sheet date in the share capital of companies include the following:

Subsidiaries	Principal Activity	%Holding	Direct/Indirect Holding
Moto GB Limited	Wholesale and retail distributor of motorcycles and accessories	100%	Direct
Chorley Yamaha Centre Limited	Motorcycles and accessories retailer	100%	Direct
KJM Superbikes Limited	Wholesale and retail distributor of motorcycles and accessories	100%	Direct
KJM Trade Limited	Wholesale and retail distributor of motorcycles and accessories	100%	Direct
Motorcycle Centre Orrell Limited	Motorcycles and accessories retailer	100%	Direct
Walkdens of Chorley Limited	Property	100%	Indirect

12. INVESTMENT PROPERTY

Group

	Total £
FAIR VALUE	
At 1 January 2020 and 31 December 2020	<u>400,000</u>
NET BOOK VALUE	
At 31 December 2020	<u>400,000</u>
At 31 December 2019	<u>400,000</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2020

13. **STOCKS**

	Group	
	2020	2019
	£	£
Goods for resale	20,207,584	23,608,235

14. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Trade debtors	5,300,051	6,341,272	-	-
Amounts owed by group undertakings	-	-	559,609	559,609
Other debtors	183,830	427,059	-	-
Directors' current accounts	-	12,878	-	12,878
Prepayments	4,659	18,503	-	-
	<u>5,488,540</u>	<u>6,799,712</u>	<u>559,609</u>	<u>572,487</u>

15. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Bank loans and overdrafts (see note 16)	-	7,507,227	-	-
Other loans (see note 16)	576,013	178,487	576,013	178,487
Trade creditors	4,579,103	6,074,554	-	-
Amounts owed to group undertakings	-	-	2,938,249	3,394,000
Tax	1,391,354	1,126,208	-	-
Social security and other taxes	535,603	349,714	-	-
Other creditors	1,160,333	1,005,179	-	-
Directors' current accounts	45,347	-	45,347	-
Accrued expenses	420,982	238,035	-	-
	<u>8,708,735</u>	<u>16,479,404</u>	<u>3,559,609</u>	<u>3,572,487</u>

16. **LOANS**

An analysis of the maturity of loans is given below:

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank overdrafts	-	7,507,227	-	-
Other loans	576,013	178,487	576,013	178,487
	<u>576,013</u>	<u>7,685,714</u>	<u>576,013</u>	<u>178,487</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2020

17. SECURED DEBTS

The following secured debts are included within creditors:

	Group	
	2020	2019
	£	£
Bank overdrafts	-	7,507,227

The group overdraft facility is secured by debentures over the assets of each company in the 2Moto group, an unlimited intercompany guarantee between the group companies and by a £2.2 million guarantee from the Mason family.

18. PROVISIONS FOR LIABILITIES

	Group	
	2020	2019
	£	£
Deferred tax		
Accelerated capital allowances	50,185	39,742
Capital gains	28,509	25,509
Short term timing differences	(16,647)	(13,851)
	62,047	51,400

Group

	Deferred tax £
Balance at 1 January 2020	51,400
Charge to Profit and loss account during year	10,647
Balance at 31 December 2020	62,047

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2020	2019
		£1	£	£
1,000	Ordinary		1,000	1,000

20. RESERVES**Group**

	Retained earnings £	Share premium £	Non distributable reserves £	Totals £
At 1 January 2020	13,895,182	2,359,002	309,266	16,563,450
Profit for the year	4,975,430	-	-	4,975,430
Dividends	(4,000)	-	-	(4,000)
At 31 December 2020	18,866,612	2,359,002	309,266	21,534,880

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2020

20. RESERVES - continued**Company**

	Retained earnings £	Share premium £	Totals £
At 1 January 2020	-	2,359,002	2,359,002
Profit for the year	4,000	-	4,000
Dividends	(4,000)	-	(4,000)
At 31 December 2020	<u>-</u>	<u>2,359,002</u>	<u>2,359,002</u>

The retained earnings reserve includes all current and prior period retained profits and losses.

The share premium reserve includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of the shares are deducted from share premium.

Non distributable reserves relates to the revaluation amount of investment properties.

21. DIRECTOR'S ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to a director subsisted during the years ended 31 December 2020 and 31 December 2019:

	2020 £	2019 £
K J Mason		
Balance outstanding at start of year	12,878	(146,230)
Amounts advanced	423,621	376,608
Amounts repaid	(481,846)	(217,500)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>(45,347)</u>	<u>12,878</u>

22. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

Other loans

Included in other loans as at 31 December 2020 is an amount of £576,013 (2019: £178,487) due to Lee Mason, son of the director. No interest is accruing on the amount due.

Rental charges

During the year, the group paid rental charges of £213,500 (2019: £213,500) and £371,167 (2019: £370,837) for use of business premises to the director and his son.

Dividends were paid during the year to Mr K Mason of £2,000 (2019: £2,000), a director of 2 Moto Limited.

23. ULTIMATE CONTROLLING PARTY

The ultimate controlling party of 2 Moto Limited is Mr K J Mason, director and shareholder.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.